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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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INCOME TAX ASSESSMENT AMENDMENT BILL (NO.2) 1979

INCOME TAX (MINING WITHHOLDING TAX) BILL 1979

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EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,  
the Hon. John Howard, M.P.)

Introductory note

The purpose of this memorandum is to explain the provisions of the above Bills. The provisions are designed principally to introduce a system of withholding tax in respect of mining payments made to Aboriginal groups. The Assessment Bill will also effect two technical amendments.

The provisions of the Assessment Bill and the associated rating Bill introducing a comprehensive withholding tax system in respect of mining payments made to Aboriginal groups were foreshadowed in a joint statement on 20 July 1978 by the Treasurer and the Minister for Aboriginal Affairs.

Mining payments to Aboriginal groups  
(Clauses 3, 4, 7 and 8 of first Bill)

These clauses will introduce into the income tax law provisions to enable the calculation, and collection by way of a withholding tax, of income tax on mining payments made on or after 1 July 1979 to Aboriginals and Aboriginal groups and bodies in respect of mining and exploration activities on Aboriginal land. The tax, to be formally declared by the second Bill, will be at the rate of 6.4 per cent of the payments, which represents tax of 32 per cent applied to 20 per cent of the gross revenues concerned.

To achieve this it is necessary to create a liability for the tax (clause 7) and to provide a system of collection (clause 8). While liability for the tax will rest with the Aboriginals or bodies receiving defined mining payments in the first instance, actual collection of the tax will be by the withholding system. Under this system, a mining company, Government or other person that makes a mining payment will have a responsibility to deduct from the payment the amount of tax payable and forward this to the Commissioner of Taxation in settlement of the tax.

Technical changes

(Clauses 2, 5 and 6 of first Bill)

Section 73A of the Principal Act, which provides for special deductions in respect of payments to an approved research institute, includes in a definition of "approved research institute" a reference to the Secretary, Department of Employment and Industrial Relations as an approving authority. As a consequence of the abolition of that Department on 5 December 1978, the reference is to be replaced with effect from that date by a reference to the Department of Industrial Relations.

Section 78 provides for the allowance of deductions for gifts to, among other things, the Duke of Edinburgh's Study Conference Account maintained by the Department of Labour and National Service. The redundant reference to that Department is to be replaced, with effect from 23 June 1977, by a reference to the Department of Productivity which has maintained the Account from that date.

The following notes explain each of the clauses of the Bill.

Clause 1 : Short title, etc.

This clause formally provides for the short title and citation of the amending Act and the Income Tax Assessment Act 1936 (the "Principal Act").

Clause 2 : Commencement

Under section 5(1A) of the Acts Interpretation Act 1901, every Act is to come into operation on the twenty-eighth day after the day on which the Act receives the Royal Assent, unless the contrary intention appears in the Act.

By sub-clause (1) of clause 2, which is subject to sub-clauses (2) and (3), the amending Act will come into operation on the day on which it receives the Royal Assent.

Sub-clause (2) provides that the amendment proposed by clause 5 shall be deemed to have come into operation on 5 December 1978. The reason for this commencing date is explained in the notes on clause 5.

Sub-clause (3) provides that the amendment proposed by clause 6 shall be deemed to have come into operation on 23 June 1977. This commencing date is explained in the notes on clause 6.

Clause 3 : Interpretation

Clause 3 will introduce into the general definition provisions of section 6 of the Principal Act a definition of "mining withholding tax" to facilitate references to the with-

holding tax proposed to be introduced by new section 128V in respect of specified payments related to the use of Aboriginal land for mining purposes - see notes on clause 7.

Clause 4 : Mining payments to Aboriginals not included in assessable income

Clauses 7 and 8 of the Bill propose the introduction of a comprehensive withholding tax system for the imposition and collection of income tax on certain kinds of payments that are received by Aboriginal communities in respect of the use of Aboriginal land for purposes associated with mining activities. As a broad proposition, the withholding tax will be collected at the earliest point at which relevant revenues from mining activities are distributed to Aboriginal persons or to certain statutory or representative bodies that have the function of distributing or applying such revenues to or for the benefit of Aboriginals.

The withholding tax is to be a final tax so that subsequent distributions or applications of amounts that have borne withholding tax are not to attract any further income tax liability in the hands of the Aboriginal beneficiaries when passed on by a distributing body.

The amendment proposed by clause 4 will introduce a new section - section 23AE - into Division 1 of Part III of the Principal Act to ensure that the assessable income of Aboriginals and distributing bodies is not to include amounts received as mining payments, or as distributions out of mining payments, which have already attracted mining withholding tax.

Sub-section (1) of the proposed section 23AE defines various terms used in the section -

"Aboriginal" and "distributing body" are defined to have the same respective meaning as in proposed section 128U which contains definitions of a number of expressions used in new Division 11C. That Division will govern the liability to tax of payments made in respect of mining operations on Aboriginal land.

"Aboriginal", so defined, means a person who is a member of the Aboriginal race of Australia or is of the race of Torres Strait Islanders, while the term "distributing body" means -

- . an Aboriginal Land Council established by or under the Aboriginal Land Rights (Northern Territory) Act 1976 - i.e., the Northern Land Council or the Central Land Council;
- . an Aboriginal Council established by Part III of the Aboriginal Councils and Associations Act 1976;

- an Aboriginal association, society or body incorporated under Part IV of the Aboriginal Councils and Associations Act 1976; or
- any other incorporated body that is established by or under Commonwealth, State or Territory legislation relating to Aboriginals and authorised or required to distribute moneys to or for the benefit of Aboriginals.

"Mining payment", which is also defined by reference to the meaning to be given to that term in section 128U, identifies the classes of payment to which the exemption provided by section 23AE is to apply. Mining payments are payments made to a distributing body or made to or applied for the benefit of Aboriginals, being -

- (a) a payment made out of the Aboriginals Benefit Trust Account established by section 62 of the Aboriginal Land Rights (Northern Territory) Act 1976 (the "Trust Account"), to the extent that the payment represents money paid into the Trust Account on or after 1 July 1979 under sub-section (2) or (4) of section 63 of that Act (broadly, amounts representing royalties received by the Commonwealth for the mining of Aboriginal Land);
- (b) a payment of the kind referred to in sub-section (1) or (2) of section 44 of that Act (broadly, payments made to Aboriginal Land Councils in pursuance of agreements referred to in that section);
- (c) any other payment under the provisions of a law of the Commonwealth, a State or a Territory that relates to Aboriginals, or under an agreement made in accordance with such a law where the payment is -
  - (i) in consideration of the issuing of a miner's right or mining interest in respect of Aboriginal land;

- (ii) in consideration of the granting of permission to enter, remain on or do any act on, Aboriginal land in relation to exploration or mining; or
- (iii) a payment of royalties in respect of the mining of minerals on Aboriginal land, or of an amount determined by reference to mineral royalties received by the Commonwealth, a State or the Northern Territory in respect of mining on Aboriginal land.

As, under the definition of mining payment in section 128U, the withholding tax system for mining payments is to apply generally in relation to payments made on or after 1 July 1979, the exemption provided by section 23AE will extend to payments made on and after that date.

Sub-section (2) of section 23AE will mean that, where a mining payment is made to a distributing body, no part of the payment will be included in its assessable income. This accords with the principle that the withholding tax is to be the final tax on mining payments.

Sub-section (3) provides for cases where a mining payment is made direct to, or applied for the benefit of, an Aboriginal person or persons and ensures that no part of the amount is to be included in the assessable income of that person or persons.

Sub-section (4), which is qualified by sub-section (6), supplements sub-sections (2) and (3) and is to the effect that where a distributing body that has received a mining payment distributes some or all of it to Aborigines or to another distributing body, the amount distributed is not to be included in the assessable income of the recipient.

Sub-section (5) is designed to ensure that each successive distribution out of an amount received as a mining payment by a distributing body that passes through the hands of more than one such body before being paid or applied to the benefit of Aboriginal persons or groups will attract the exemption from tax conferred by sub-section (4).

By sub-section (6), the exemption granted by sub-section (4) is not to extend to amounts paid by a distributing body in meeting its administrative costs, e.g., payments of salaries or wages to the staff of such a body.

Sub-section (7) similarly excludes from the scope of exemption under section 23AE amounts that are paid to a person by way of remuneration or as consideration for goods or services provided by the person. This will ensure that a person who, e.g., in an ordinary commercial transaction, contracts with a distributing body to supply goods or services for the use or benefit of Aborigines will not be exempt from tax on the amount paid under the contract.

#### Clause 5 : Expenditure on scientific research

Clause 5 proposes a technical amendment to section 73A of the Principal Act.

Section 73A provides for special deductions in respect of payments to approved research institutes and in respect of certain expenditure of a capital nature on scientific research.

The definition of "an approved research institute" includes a reference to the Secretary, Department of Employment and Industrial Relations as an approving authority. As a consequence of the abolition of that Department on 5 December 1978, the reference is to be replaced with a reference to the Department of Industrial Relations, with effect from that date.

#### Clause 6 : Gifts, etc.

Clause 6 proposes a technical amendment to section 78 of the Principal Act.

Section 78 provides for the allowance of deductions for gifts to certain specified funds and authorities. One of the specified funds is the Duke of Edinburgh's Study Conference Account maintained by the Department of Labour and National Service.

The redundant reference to that Department is to be replaced, with effect from 23 June 1977, with a reference to the Department of Productivity which has maintained the Account from that date.

#### Clause 7 : Payments in respect of mining operations on Aboriginal land

This clause proposes the introduction of a new Division - Division 11C - into Part III of the Principal Act to set out the basis on which certain payments to Aboriginal persons or communities attributable to the use of Aboriginal

land for mining or mineral exploration purposes are to be subject to income tax. Tax on amounts to which the new Division applies will be collected by a withholding tax system (see notes on clause 8) and will be taxed at the special rate of 6.4 per cent proposed by the Income Tax (Mining Withholding Tax) Bill 1979. The resultant tax will be the same as the amount of tax that would be arrived at by applying the standard tax rate of 32 per cent to one-fifth of each mining payment to which the Division applies. The new provisions are to apply in respect of mining payments made on or after 1 July 1979.

The structure of the legislation for the mining withholding tax is that Division 11C will formally create a liability on the recipients of the mining payments, while the new Division to be inserted in the Principal Act by clause 8 will require the payers of those payments to deduct from the payments amounts representing the tax and to remit the deductions to the Taxation Office. The deduction of these amounts will satisfy the liability of the recipients to pay tax on the mining payments, so that they will not be called on to themselves pay the tax.

Notes follow on each of the 4 proposed new sections - sections 128U, 128V, 128W and 128X - contained in proposed Division 11C.

#### Section 128U : Interpretation

Sub-section (1) of section 128U defines various terms used in the Division -

"Aboriginal", as mentioned in the notes on clause 4, is defined as being a person who is a member of the Aboriginal race of Australia or of the race of Torres Strait Islanders;

"Aboriginal land" is defined as any estate or interest in land that is held for the use or benefit of Aboriginals under provisions of a relevant Commonwealth, State or Territory law, e.g., land that has been granted to an Aboriginal Land Trust in accordance with Part II of the Aboriginal Land Rights (Northern Territory) Act 1976;

"distributing body" - the meaning of this term has already been explained in the notes on clause 4;

"mineral royalties" is defined as meaning royalties payable in respect of the mining of minerals;

"minerals" is defined in the same form as in section 3 of the Aboriginal Land Rights (Northern Territory) Act 1976 which Act provides for the

payment to, or for the benefit of, aboriginals of certain classes of mining payments (as defined). It means -

- (a) gold, silver, copper, tin and other metals;
- (b) coal, shale, petroleum and valuable earths and substances;
- (c) mineral substances;
- (d) gems and precious stones; and
- (e) ores and other substances containing minerals; whether suspended in water or not, and includes water;

"miner's right" is defined as meaning a miner's right or other authority issued or granted under a mining law of the Commonwealth, a State or Territory empowering the holder, broadly stated, to mine, occupy or take any other action in relation to land for any purpose in connection with mining;

"mining" is defined as including the obtaining of minerals from alluvial or surface deposits;

"mining interest" is defined as meaning any lease or other interest in land (including a right to prospect or explore for minerals in or on the land) issued or granted under a mining law of the Commonwealth, a State or Territory;

"mining payment" - the meaning of this expression has been discussed in relation to the use of the expression in proposed section 23AE (see notes on clause 4). As previously mentioned, the definition is limited to payments of the kinds already described that are made on or after 1 July 1979, the operative date for the commencement of the withholding tax system. It is to be noted that the expression does not extend to payments made by a distributing body (as defined);

"Trust Account" means the Aboriginals Benefit Trust Account established by section 62 of the Aboriginal Land Rights (Northern Territory) Act 1976.

Sub-section (2) of section 128U is a measure to ensure that certain nominated collection and enforcement measures contained in the Principal Act are operative in relation to mining withholding tax. Sub-section 128A(4) is a similar provision in relation to the withholding tax on dividends and interest derived by non-residents.



Sub-section (3) arises from the fact that the tax collection provisions proposed by clause 8 will require a person to withhold tax at the prescribed rate before paying or applying moneys that constitute a mining payment (see notes on proposed section 221ZB). Sub-section 128U(3) will ensure that the tax liability of the recipient or beneficiary of such a payment or application is calculated by reference to the gross amount involved, i.e., that the amount of tax withheld is taken into account as being a part of the mining payment paid to the person or applied for the benefit of the person.

Sub-section (4) is a technical measure under which, for the purposes of imposition of mining withholding tax, a mining payment made to more than one Aboriginal person is to be deemed to be a payment of a proportionate amount (also to be regarded as a mining payment) to each person. In practice, tax will be deducted from such a payment as if it were a payment to one person.

#### Section 128V : Liability to mining withholding tax

Section 128V is the operative provision of proposed Division 11C and establishes that a person who receives a mining payment or has a mining payment applied to the person's benefit is liable to pay income tax (for convenience referred to as mining withholding tax) on the amount of the payment.

Sub-section (1) of section 128V formally imposes a liability for mining withholding tax on the beneficiary of a mining payment and establishes that the rate of tax applicable is the rate declared by the Parliament for the purpose of the section. (By virtue of section 6 of the Income Tax (Mining Withholding Tax) Bill 1979, the rate of tax is to be declared to be 6.4 per cent).

Sub-section (2) ensures that the operation of section 128V in imposing mining withholding tax on a mining payment paid to, or applied for the benefit of, a person does not affect any liability of the person to pay income tax under the ordinary provisions of the Principal Act on income to which the section does not apply.

#### Section 128W : Payment of mining withholding tax

Proposed section 128W contains a number of machinery provisions of a kind familiar in the income tax law.

By sub-section (1), mining withholding tax is to be due and payable by the person liable to pay it at the expiration of 21 days after the end of the month in which the payment to which the tax relates was made.

Sub-section (2) declares that, when due and payable, mining withholding tax is a debt due to the Queen on behalf of the Commonwealth and payable to the Commissioner of Taxation.

By sub-section (3) unpaid mining withholding tax may be sued for by the Commissioner or a Deputy Commissioner.

Under sub-section (4) the ascertainment of an amount of mining withholding tax is not to be deemed to be an assessment within the meaning of any provision of the Principal Act.

Sub-sections 128W(5) and (6) provide for the service of a notice by the Commissioner specifying the amount of tax payable and the date by which it is payable and for that notice to be evidence that the tax was due and payable by the date so specified.

Section 128X : Power of Commissioner  
to obtain information

New section 128X is designed to ensure that the Commissioner may, in the manner provided by section 264 of the Principal Act, obtain information and evidence required for the administration of Division 11C.

Clause 8 : Collection of mining withholding tax

New Division 5 to be inserted in Part VI of the Principal Act by this clause will contain the necessary machinery provisions for collection by a withholding tax system of the tax imposed by Division 11C of Part III on mining payments made on or after 1 July 1979 in respect of mining and exploration activities on Aboriginal land (see the notes on Division 11C being introduced by clause 7).

Notes follow on each of the proposed sections that constitute Division 5.

Section 221Z : Object of Division 5

This is a formal provision to assist in interpretation and declares that the object of Division 5 is to facilitate the collection of mining withholding tax.

Section 221ZA : Interpretation

Sub-section (1) of proposed section 221ZA defines the general meaning of various terms used in Division 5:

"government" is defined as meaning the Commonwealth, a State, the Northern Territory, or an authority of the Commonwealth, a State or the Northern Territory;

"mining payment" is defined as having the same meaning as in section 128U - see notes on clauses 4 and 7;

Sub-section (2) of section 221ZA is a drafting measure to ensure that a reference to a person is to be read as including a reference to a government.

Section 221ZB : Deductions from mining payments

This section will require persons making a mining payment to first make a deduction for mining withholding tax at the appropriate rate.

Sub-section (1) sets a statutory rate of deduction of 6.4 per cent of the amount of the mining payment.

By sub-section (2), failure to make a deduction as required by the section will carry, on conviction, the penalty of a fine not exceeding \$200.

Section 221ZC : Deductions to be forwarded to Commissioner, etc.

Section 221ZC will require a person who makes a deduction from a mining payment under section 221ZB to forward the amount so deducted to the Commissioner of Taxation, and will provide penalties for failure to do so.

Under sub-section (1) (paragraph (a)), a person who makes a deduction from a mining payment for the purposes of section 221ZB must, before the expiration of 21 days after the end of the month in which the deduction is made, pay to the Commissioner an amount equal to the deduction.

Paragraph (b) of sub-section (1) requires a person who has made a deduction to furnish to the Commissioner, not later than 2 months after the end of the financial year in which the deduction was made, a statement with respect to the deduction in duly authorised form signed by or on behalf of the person who made the deduction. The Commissioner may extend the period for compliance with this requirement.

Sub-section (2) makes it an offence, punishable by a fine not exceeding \$1,000 or imprisonment for up to 6 months, for a person, other than a government, to fail to pay to the Commissioner an amount deducted from a mining payment. The penalty corresponds with that provided for an employer who fails to comply with similar requirements in relation to deductions of tax instalments made from salary and wages under the PAYE system.

Under sub-section (3) a person who fails to lodge a statement as required by sub-section (1)(b) may be fined an amount not exceeding \$200.

Paragraph (a) of sub-section (4) ensures that an amount deducted by a person from a mining payment remains payable to the Commissioner although the period for payment of the amount may have elapsed.

Paragraph (b) imposes liability for an additional amount calculated at the rate of 10 per cent per annum on a person (other than the Commonwealth) who fails to pay to the Commissioner of Taxation by the specified time an amount deducted from a mining payment.

Sub-section (5) gives the Commissioner authority to remit, as appropriate, any additional amount payable under sub-section (4).

Section 221ZD : Liability of a person who fails to make deduction, etc.

Section 221ZD imposes certain liabilities upon a person who fails to make the appropriate deduction in respect of mining withholding tax from a mining payment.

By sub-section (1), where a person, other than the Commonwealth, makes a mining payment without first making a deduction that person is to pay to the Commissioner -

- (a) an amount equal to the unpaid mining withholding tax payable in respect of that mining payment; and
- (b) an amount equal to 10 per cent per annum of the amount of the mining withholding tax calculated from the twenty-second day after the end of the month in which the mining payment was made.

Sub-section (2) applies where a person has failed to make a deduction from a mining payment and has, as a consequence, been required to pay to the Commissioner in accordance with sub-section (1) an amount equal to the unpaid tax. Sub-section (2) enables such a person to recover from the recipient of the mining payment an amount equal to the sum paid to the Commissioner.

Under paragraph (a) of sub-section (3), an amount paid to the Commissioner under sub-section (1)(a) of this section will be allowed as a credit against mining withholding tax due.

To meet situations where, by virtue of the operation of sub-section (4) of section 128U, a mining payment has been deemed to have been made to 2 or more persons, paragraph (b) ensures that appropriate amounts of credit are allowed to each of those persons in respect of an amount paid to the Commissioner under sub-section (1)(a) of this section.

Section 221ZE : Recovery of amounts by Commissioner

Proposed section 221ZE contains machinery provisions to enable collection of amounts payable under this Division.

Under sub-section (1) an amount payable under this Division is to be a debt due to the Queen on behalf of the Commonwealth and payable to the Commissioner and may be sued for and recovered in a Court of competent jurisdiction by the Commissioner or a Deputy Commissioner. Alternatively, a Court before which proceedings are taken against a person for an offence against a provision of this section may order the person to pay that amount to the Commissioner.

Sub-section (2) enables the averment provisions of section 243 of the Principal Act to apply to proceedings for recovery of amounts payable under this Division.

Sub-section (3) allows for an order under paragraph (b) of sub-section (1) made in a Court of summary jurisdiction to be registered in any Court having jurisdiction to entertain civil proceedings. For this purpose the sub-section specifies that the provisions of section 249 of the Principal Act are to apply to proceedings under this paragraph.

#### Section 221ZF : Credits in respect of deductions made

Paragraph (a) of section 221ZF is a machinery provision to ensure that, where a deduction has been made from a mining payment for the purposes of section 221ZB, the person liable to pay mining withholding tax in respect of the mining payment is entitled to a credit for an amount equal to that deduction. The credit offsets the person's liability to pay the tax, so that nothing is left to be paid directly by the person.

Paragraph (b) similarly ensures that an appropriate amount of credit is allowed to each of the persons liable to pay mining withholding tax in those cases where separate mining payments are deemed to have been made to 2 or more persons by virtue of the operation of sub-section (4) of section 128U.

#### Section 221ZG : Application of credits

Section 221ZG will provide the machinery for allowing the credit to which a person is entitled under the Division, principally section 221ZF.

Under sub-section (1) an amount of credit to which a person is entitled by virtue of sub-section (3) of section 221ZD or section 221ZF is a debt due and payable to that person by the Commissioner.

Sub-section (2) formally allows the Commissioner to apply the whole or part of a credit referred to in sub-section (1) in total or partial discharge of any liability of the person to the Commonwealth which arises under any Act of which the Commissioner has the general administration. In practice, the credit will ordinarily be applied against the tax liability of the person under section 128V.

Sub-section (3) requires that where the Commissioner has applied an amount of a credit in discharge of a liability of a person to the Commonwealth, the person shall be deemed to have paid the amount so applied -

- (a) for the purpose for which it was applied; and
- (b) at the time it was applied or at such earlier time as the Commissioner determines.

Sub-section (4) means that should the Commissioner pay or apply an amount in excess of the credit to which a person is entitled, the Commissioner may recover the excess as if it were income tax due and payable by that person.

Section 221ZH : Persons discharged from liability  
in respect of deductions

Section 221ZH is a measure to afford protection to a person who has made a deduction from a mining payment against legal action by another person for payment to the other person of the full amount of the mining payment.

Section 221ZJ : Payments to and out of Consolidated  
Revenue Fund

Section 221ZJ directs that monies received by the Commissioner under the Division be paid into the Consolidated Revenue Fund and authorises the necessary appropriation in respect of any amounts that the Commissioner becomes liable to pay in pursuance of the Division.

Section 221ZK : Time for prosecutions

The penalties prescribed for offences against proposed Division 5 of Part VI of the Principal Act are of a pecuniary nature or impose a term of imprisonment not exceeding 6 months. Accordingly, in the absence of a specific enactment to the contrary, the Crimes Act would require a prosecution for an offence against the Division to be commenced within one year after the offence had been committed.

In relation to certain other offences, the Principal Act already enables prosecutions to be commenced at any time, e.g., offences in relation to tax instalments from salary or wages. As a breach of the provisions concerning the collection of mining withholding tax may not be detected within one year after its commission, it is proposed that the institution of prosecutions for such offences be also permitted without a time limitation.

Section 221ZL : Joinder of charges under Division 5

This section is designed to expedite prosecution proceedings where a person commits a number of similar offences against the provisions covering the collection of mining withholding tax. In its terms it is identical with provisions already contained in the Principal Act in relation to the collection of tax instalment deductions made from wages and salaries and the collection of withholding tax on dividends and interest paid to non-residents.

More than one charge may be included in the same complaint and charges so joined shall be tried together unless the Court orders that any charge shall be tried separately.

The Court may impose a single penalty in respect of all charges joined in the one complaint, subject to the proviso that the penalty shall not be greater than the sum of the maximum penalties that could be imposed if each charge was tried separately.

INCOME TAX (MINING WITHHOLDING TAX) BILL 1979

This Bill imposes and declares the rate of tax payable in respect of mining payments made on or after 1 July 1979 relating to the use of Aboriginal land for mining and exploration purposes.

Provisions governing the taxing of such mining payments are to be contained in Division 11C of Part III of the Income Tax Assessment Act 1936, which is being inserted in that Act by clause 7 of the Income Tax Assessment Amendment Bill (No. 2) 1979 explained earlier in this memorandum.

The effect of those provisions and this Bill is that such mining payments will be subject to income tax at the rate of 6.4 per cent of the gross amount of the payments, which is the equivalent of a rate of 32 per cent applied to one-fifth of the gross payments.